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Connie L. O'Connell  
Commissioner of Insurance  
Office of Commissioner of Insurance  
State of Wisconsin  
121 E. Wilson St.  
Madison, WI 53702

June 19, 2002

Dear Commissioner O'Connell:

The call from your assistant, Jim, re my letter to you came as a surprise. It is rare that my letters evoke returns. Thank you for the invitation to governor's conference, June 24 at 1:30PM. I will be closing my kiosk/lab for the afternoon (which offers very low cost preventive health testing for the thousands of Wisconsin citizens with little or no health insurance).

Having given a great deal of thought to our mutual health concerns, I have come to the conclusion that the only way to bring down health insurance premiums is to make the "providers" very competitive for the medical dollar. The number of surgeries and surgeons has grown exponentially these past 30 years, since the advent of guaranteed insurance fees, causing the quantum growth in insurance premium. This occurrence is contrary to the usual expectation; i.e. the greater the volume the smaller the cost (normal and usual way of manufacturing in industry).

Since it is unlikely that the medical industry will change willingly, I believe the State of Wisconsin must lead the way by offering to the general public insurance coverage including a \$2000.00 deductible, and establishing a fee schedule for all procedures at a significant reduction of what is currently available. A 50% reduction in the fees now offered to physicians/surgeons by commercial, HMOs, and PPOs would certainly be effective in dramatically lowering premiums. For example, the \$1000.00 fee would be cut to \$500.00 (not bad for an hour or so of work).

Those who have already made it big may refuse the "job" at this paltry fee. However, I am confident that there are many (younger) physicians/ surgeons who have not yet made "theirs", that would be very happy for the offered reduced fee. Thus, competition becomes effective. With more and more work going to the younger more reasonable surgeons, it would not surprise me that the established big guns begin to get the message.

## 2.

The matter of hospital costs needs attention. It is important that everybody understands that medical care is a function of trained physicians and nurses, notwithstanding the PR of hospital-based public relations officials.. Hospitals are merely the theater in which the actors (MDs and nurses) do their thing, without which there would be no show. The current practice of media hype, showcasing one hospital group as superior to others is a hoax and a scam. In effect, the advertising is the attempt to gain larger market share of the limited surgical market, at the expense of other hospitals. The cost of this patient theft runs into the millions, paid by the insurance premium of the consumers. Hospital administrators and their assistants do not write a single order nor do they place a single surgical stitch. Yet, hospitals are "non-profit" but do very well for the administrators and their salaries. Boutique hospitals are being created for profit only, only because the guaranteed high, exorbitant fees now available. Cut the fat out of the fee schedule and the boutique hospitals quickly die on the vine.

The State of Wisconsin already offers an insurance package for "poor" people as it does for malpractice coverage for physicians. Using the same methodology of insurance companies and underwriters, the entire list of medical procedures can be reviewed, modified, and the fee schedule arbitrarily reduced to a level most people, the consumers, can afford.. Since the State of Wisconsin is already in the insurance business, it does not seem to be a great reach for these suggestions and recommendations to be enacted.

You can be certain that there will be considerable lobbying and opposition to these ideas by organized medicine, unhappy about losing the gravy train, hospital associations with the threat of reduction in pay of the overpaid administrators, and even insurance companies whose high profits come from the commissions of high premiums.

Nevertheless, in the absence of a national health program, I believe Wisconsin can and should lead the way in the manner of our history of leadership in public affairs for the benefit of all of its citizens.

Finally, I would like to see investigations and studies of the following concerns:

1. The relationship of the growth of millionaire and multimillionaire physicians, five years after completing their training, to the curve of inflation these past 30 years
2. The increase or change in the number of surgeries these past 30 years compared to the increase of surgeons, if any.
3. 3. The number of physicians who have opened private offices on their own these past 20 years.
4. The number of house calls per month made by the average physician
5. The number of radiologists per hospital compared to 30 years ago;.
6. The number of hospital beds available compared to 30 years ago;.
7. The number of nurses trained today per year compared to 30 years ago.
8. The number of nursing schools today compared to 30 years ago.

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All the above studies, it seems to me, directly or indirectly contribute, in some way, to the costs dilemma we are now in.

Thank you for plowing through this letter. There may be some things worth thinking about. It will be interesting to see what, if anything, is done about the sorry state of affairs the medical industry and insurance companies have led us into.

Sincerely;

A handwritten signature in cursive script, reading "Louis W. Sennett". The signature is written in dark ink and is positioned above the printed name.

Louis W. Sennett, M. D.